

SUPPORT HB-6685, An Act increasing Home Care Provider Rates

Good Morning Sen. Flexer, Rep. Serra, and members of the Aging Committee,

I am Eileen Adams, a board member of the CT Homemaker & Companion Association, a group representing about 50 owner-operated and not-for-profit member agencies. I formerly managed a homemaker and companion business for 12 years. I now work another job, but I remain on this volunteer board to continue to advocate for the caregivers we employ and the fragile consumers we serve. As you have heard and will hear from many providers across the continuum of care in the CT Home Care Program for Elders, the stagnant rate increases of the last seven years have been difficult for agencies to absorb while continuing to provide services to our state's consumers in their homes. Our home care services annually save the state millions of dollars over the cost of care in facilities.

The administrative and financial requirements to remain compliant with state and federal regulations, including but not limited to the DSS audits, have become more costly to us employers, yet, the reimbursement rates remained the same from 2007 until last month's 16 cent increase at the companion and homemaker level.

To illustrate how difficult it is to run a business with these reimbursements, these are figures provided by a couple medium-sized homemaker and companion agencies.

Payroll costs:	77.3 %
Payroll taxes:	9.5%
Insurance costs:	6.2%
Total Employee costs:	93.0%

At the new companion rate of **\$14.68** per hour, the **7%** remaining amounts to **\$1.03**, which has to cover all overhead, that is, clerical help, rent, utilities, technology, office supplies and all the other usual costs to run a business including compensating the owner-operator. In other words, looking at the math, most businesses can no longer provide companion care without losing money.

So, some agencies are opting out of providing companion and this will put caregivers out of jobs and consumers without the care that they need. Coincidentally, the access agencies about 4 years ago began reclassifying some of what was once considered homemaker service to companion. The CT Home Care Program for Elders annual reports of the last few years have indicated this cost-shift as more dollars are now being paid out for recipients of companion service than homemaker service.

Minimum wage hikes have incrementally increased all wages, even for those paying above minimum, as employers try to hire and retain a competent and caring workforce. These wage hikes created the necessity for those paying minimum wage to increase their wages, while only getting a small bump in their reimbursement rate.

For example, the most recent **45 cent** increase, a **5.17%** increase, will cost an additional **\$9000** for every **20,000 hours** worked. The **one percent rate increase**, or **16 cents**, will bring in **\$3200** for those same **20,000 hours**, a **difference of \$5800**. While we appreciate the 1 percent during these difficult budget times, it did not cover the minimum wage increase or close the gap created by 7 years of no increases. When we consider that in the next two years, minimum wage is going to increase an additional 95 cents, this bill's proposed 30 cent increase for Companion continues the narrowing trend between wage hikes and reimbursements.

For the work that they do, our caregivers deserve to be paid a more fair and competitive wage. We worry about workforce shortages and don't know if the state has a plan going forward -- when many agencies will close their doors or cease their state home care contracts. This is contrary to the goal of rebalancing consumers out of facilities and into the community. We ask for your support of this bill for a 2 percent rate increase and would hope that we could count on your support for future cost of living increases.

Thank you for this opportunity to speak and let you know that the provider agencies' priority is to keep caregivers employed and consumers in their homes, where they want to be.

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